B. *Legislative History.*

The Court of Appeals did not rely on the legislative history of the 1946 Act to determine that interest is a matter of discretion in the District Court. Instead it accepted the view of the 6th Circuit in the *Sciaky* case *supra* that the specific language of the statute which provides for "interest . . . as fixed by the Court" makes the award of interest a discretionary matter.

Although we agree that this is a correct interpretation of the specific language of the statute, we submit that the legislative history is not neutral; it shows that Congress expected interest to be awarded from the time of infringement.

The sole object of the 1946 Act (the 1952 codification did not change this purpose)* was to allow the recovery of "general damages" together with interest fixed by the Court.

> "The object of the bill [the 1946 Act] is to make the basis of recovery in patent-infringement suits general damages, that is, any damages the complainant can prove, not less than a reasonable royalty, together with interest from the time the infringement occurred, rather than profits and damages." H. R. Rep. No. 1587, 79th Cong., 2d Sess. 1-2 (1946).

Contrary to Petitioner's assertion, the Senate adopted this same statement of purpose, S. Rep. No. 1503, 79th Cong., 2d Sess. (1946) (because of its brevity the Senate Report is attached as an Appendix to this brief) even though the Bill as finally adopted by Congress substituted the words "together with interest, as may be fixed by the

* It is true, as stated on page 6 of the Petition, that the 1952 amendment of the Patent Act was simply a codification of existing law. See also 13a, note 8. The statement, however, does not apply to the 1946 Act which, as stated by the Court of Appeals, for the first time provided for "interest . . . . as fixed by the Court." (12a).

Court" instead of the language in the House Bill (H. R. 5231) providing for interest "from the time the infringement began". However, this technical change is without substantive significance because, to repeat, the Senate Report accepted the above-quoted statement of legislative purpose of the Bill as so amended. That this is a correct statement of the relevant legislative purpose is confirmed by the *Aro Mfg. Co.* and *Marvel Specialty Co.* cases, *supra*.

In addition, there is no factual support whatsoever in the hearings on the 1946 Act, the relevant congressional committee reports or the comments about the 1946 Act on the floor of Congress, that the new statutory provision on interest was enacted for the purpose of adopting the so-called *Duplate* rule.

THE SPECIAL CIRCUMSTANCES OF THIS CASE SUPPORT THE INTEREST AWARD EVEN UNDER PETITIONER'S VIEW OF THE CASE LAW.

Petitioner admits that, under the *Duplate* rule if there are so-called exceptional or special circumstances in a reasonable royalty case, interest need not run from the date of the decree. Petitioner's brief (pp. 6-7) asserts that there are no special circumstances in this case because Respondent made no claim that the infringement was wilful, and implies wilful infringement is the only basis for allowing interest from the time of infringement. But the *Duplate* rule did not make willful infringement the sole test of when interest starts or the required special circumstance. In fact, the *Duplate* defendants "were not even conscious or deliberate infringers." 298 U.S. at 450.

The long delay between the infringement by Georgia-Pacific, the adjudications of validity and infringement and the fixing of a reasonable royalty, together with the following facts found by the District Court constitute special circumstances justifying the District Court's interest award under the *Duplate* rule:

1. "GP deliberately decided to duplicate Weldtex notwithstanding the caveat of GP's own counsel that an expensive infringement suit was inevitable." (29a)

2. ". . . [W]ithout a license from USP, GP could not legitimately manufacture striated fir plywood and, on the other hand, a license by USP to GP would place GP in direct and active competition with USP in the United States with respect to striated fir plywood." (29a)

3. The District Court found as had the special master that "GP's purpose in planning and projecting and effecting the manufacture and sale of striated plywood was to put itself in direct competition with USP's Weldtex; and it carried out this purpose throughout the period of infringement." 243 F.Supp. at 511.

The following cases allowed interest from the time reasonable royalties would have been paid, on facts said to constitute special circumstances, which facts are present in this case: *Grant Paper Box Co.* v. *Russell Box Co.*, 106 F.Supp. 616, 619 (D. Mass. 1952) (Wyzanski, J.), *aff'd*, 203 F.2d 177 (1st Cir. 1953) (factor of competition); *Mathey* v. *United Shoe Machinery Corp.*, 54 F.Supp. 694, 700-01 (D. Mass. 1944) (infringement "deliberate" but not willful); *Chesapeake & Ohio Ry.* v. *Kaltenbach*, 124 F.2d 375, 377 (4th Cir. 1941) (deliberate infringement and "defendants did what would have been lawful only under a license from plaintiffs and there was no such license"). Furthermore, the nearly twelve year delay between the last infringement and the judicial determination of damages is an additional special circumstance which makes this case even stronger than these three cases for having interest run from the time of infringement.

In light of its holding that interest was discretionary with the District Court, the Court of Appeals found it

unnecessary to consider USP's argument on this point and added that apparently no finding of special circumstances was made. Nevertheless, the findings referred to above support USP's position that, even disregarding the 1946 amendment on interest to the Patent Act, the special circumstances of this case justify the interest award from the time of the last infringement.

CONCLUSION

The petition for Certiorari should be denied since it presents no issue appropriate for decision by this Court at this time and also, because of the equities of this matter the litigation of which has continued for more than 16 years.

Respectfully submitted,

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APPENDIX

Apx. No. 1

CALENDAR No. 1529

79TH CONGRESS *2d Session*	SENATE	REPORT No. 1503

AMENDING REVISED STATUTES 4921 (U. S. C. A., TITLE 35, PATENTS, SEC. 70), PROVIDING THAT DAMAGES BE ASCERTAINED ON THE BASIS OF COMPENSATION FOR INFRINGEMENT

JUNE 14 (legislative day, MARCH 5), 1946.—Ordered to be printed

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MR. PEPPER, from the Committee on Patents submitted the following:

REPORT

[To accompany H. R. 5311]

The Committee on Patents, to whom was referred the bill (H. R. 5311) to amend the Revised Statutes of the United States (35 U. S. C. A. 70), having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments are as follows:

Page 2, line 1, strike out "decree" and insert in lieu "judgment".

Page 2, cancel lines 5, 6, and 7, and insert:

> royalty therefor, together with such costs, and interest, as may be fixed by the court. The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case.

Page 3, line 9, strike out "decree" and insert in lieu "judgment".

Page 3, line 15, after "wrapper" change the semicolon to a period, and cancel the remainder of the sentence.

Page 3, line 21, after "concluded" change the period to a colon, and add:

> *Provided, however,* That pending causes of action in which the taking of the testimony has been concluded are to be governed by the statute in force at the time of approval of this Act as if such statute had not been amended.

The first and third amendments are made to render the term used consistent with the Rules of Civil Procedure.

The fourth amendment is made merely to remove from the existing statute a minor detail relating to a court fee which has been held, in the case of *S. & S. Corrugated Paper Machinery Company, Inc.*, v. *George W. Swift, Jr., Inc.* (62 Federal Supplement 355), to have been repealed by implication by subsequent acts of Congress. See the Flat Fee Act of 1944 (U. S. Code, title 28, sec. 549 et seq.).

DAMAGES FOR PATENTS INFRINGEMENT

The House Committee on Patents held hearings and made the following report, which is adopted as the report of the Senate Committee on Patents:

The bill H. R. 5311 is a committee substitute for H. R. 5231. Hearings were held on the latter bill on January 29, 1946. A number of persons appeared before the committee and testified—among them being representatives of the Patent Office, the Department of Justice, the American Manufacturers Association, the American Bar Association, and the Milwaukee Patent Law Association. In addition, other persons submitted written letters and statements. The substitute measure, H. R. 5311, incorporates many of the amendments proposed at the hearings.

The object of the bill is to make the basis of recovery in patent-infringement suits general damages, that is, any damages the complainant can prove, not less than a reasonable royalty, together with interest from the time infringement occurred, rather than profits and damages.

The relief that a patent owner needs against an infringer to protect his right in his patent and to compensate him for past infringement is an injunction to prevent future invasion of his right and general damages as due compensation for infringing either or any of the rights secured to the patent owner by his patent. Instead of general damages, section 4921 of the Revised Statutes now authorizes a complainant in whose favor a verdict has been rendered in an infringement suit to recover "in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby." The evil attendant upon "the law's delay" and the difficulty of adducing convincing proof of necessary facts is peculiarly exemplified in patent-infringement suits where profits are claimed.

Frequently a suit for patent infringement involves the infringement of only an improvement in a complex machine, and it is impossible to apportion profits due to the improvement. In such circumstances the proceedings before masters, which are conducted in accordance with highly technical rules and are always expensive, are often protracted for decades and in many cases result in complete failure of justice.

Although the bill would not preclude the recovery of profits as an element of general damages, yet by making it unnecessary to have proceedings before masters and empowering equity courts to assess general damages irrespective of profits, the measure represents proposed legislation which in the judgment of the committee is long overdue.

By the second amendment the provision relating to attorney's fees is made discretionary with the court. It is not contemplated that the recovery of attorney's fees will become an ordinary thing in patent suits, but the discretion given the court in this respect, in addition to the present

discretion to award triple damages, will discourage infringement of a patent by anyone thinking that all he would be required to pay if he loses the suit would be a royalty. The provision is also made general so as to enable the court to prevent a gross injustice to an alleged infringer.

The amendment at the end of the bill permits the pending causes mentioned to proceed under the old law.

In order to see the changes in the text of the existing law the section being amended is set forth below with the parts omitted enclosed in brackets and the new parts printed in italics.

SEC. 4921. R. S. (U. S. C., title 35, sec. 70). The several courts vested with jurisdiction of cases arising under the patent laws shall have power to grant injunctions according to the course and principles of courts of equity, to prevent the violation of any right secured by patent, on such terms as the court may deem reasonable; and upon a [decree] *judgment* being rendered in any such case for an infringement the complainant shall be entitled to recover [, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby, and the court shall assess the same or cause the same to be assessed under its direction. If on the proofs it shall appear that the complainant has suffered damage from the infringement or that the defendant has realized profits therefrom to which the complainant is justly entitled, but that such damages or profits are not susceptible of calculation and determination with reasonable certainty, the court may, on evidence tending to establish the same, in its discretion, receive opinion or expert testimony, which is hereby declared to be competent and admissible, subject to the general rules of evidence applicable to this character of testimony; and upon such evidence and all other evidence in the record the court may adjudge and decree the payment by the defendant to the complainant of a reasonable sum as profits or general damages for the infringement: And the court shall have the same power to increase such damages, in its discretion, as is given to

increase the damages found by verdicts in actions in the nature of actions of trespass upon the case; but in any suit or action brought for the infringement of any patent there shall be no recovery of profits or damages for any infringement committed more than six years before the filing of the bill of complaint or the issuing of the writ in such suit or action, and this provision shall apply to existing causes of action.] *general damages which shall be due compensation for making, using, or selling the invention, not less than a reasonable royalty therefor, together with such costs, and interest, as may be fixed by the court. The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case.*

The court is hereby authorized to receive expert or opinion evidence upon which to determine in conjunction with any other evidence in the record, due compensation for making, using, or selling the invention, and such expert or opinion evidence is hereby declared to be competent and admissible subject to the general rules of evidence applicable thereto.

The court shall assess said damages, or cause the same to be assessed, under its direction and shall have the same power to increase the assessed damages, in its discretion, as is given to increase the damages found by verdicts in actions in the nature of actions of trespass upon the case; but recovery shall not be had for any infringement committed more than six years prior to the filing of the complaint in the action. And it shall be the duty of the clerks of such courts within one month after the filing of any action, suit, or proceeding arising under the patent laws to give notice thereof in writing to the Commissioner of Patents, setting forth in order so far as known the names and addresses of the litigants, names of the inventors, and the designating number or numbers of the patent or patents upon which the action, suit, or proceeding has been brought, and in the event any other patent or patents be subsequently included in the action, suit, or proceeding by amendment, answer, cross bill, or other pleading, the clerk shall give like notice thereof to the Commissioner of Patents, and within one month after the decision is rendered

or a [decree] *judgment* issued the clerk of the court shall give notice thereof to the Commissioner of Patents, and it shall be the duty of the Commissioner of Patents on receipt of such notice forthwith to indorse the same upon the file wrapper of the said patent or patents and to incorporate the same as a part of the contents of said file or file wrapper; [and for each notice required to be furnished to the Commissioner of Patents in compliance herewith a fee of 50 cents shall be taxed by the clerk as costs of suit].